

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

City of Walla Walla Housing Authority
Walla Walla County

Audit Period
January 1, 2013 through December 31, 2013

Report No. 1012406

Issue Date
August 28, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

August 28, 2014

Board of Directors
City of Walla Walla Housing Authority
Walla Walla, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Walla Walla Housing Authority's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

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Walla Walla County
January 1, 2013 through December 31, 2013**

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Federal Summary

City of Walla Walla Housing Authority Walla Walla County January 1, 2013 through December 31, 2013

The results of our audit of the City of Walla Walla Housing Authority are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements of the business-type activities and the aggregate discretely presented component units.

Internal Control Over Financial Reporting:

- ***Significant Deficiencies:*** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

FEDERAL AWARDS

Internal Control Over Major Programs:

- ***Significant Deficiencies:*** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.871	Housing Voucher Cluster - Section 8 Housing Choice Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The Housing Authority did not qualify as a low-risk auditee under OMB Circular A-133.

Schedule of Prior Federal Audit Findings

Walla Walla Housing Authority January 1, 2013 through December 31, 2013

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Walla Walla Housing Authority. The State Auditor's Office has reviewed the status as presented by the Housing Authority.

Audit Period: 1/1/2012-12/31/2012	Report Ref. No.: 1010411	Finding Ref. No.: 1	CFDA Number(s): 14.871
Federal Program Name and Granting Agency: Housing Choice Voucher Program, U.S. Department of Housing and Urban Development		Pass-Through Agency Name: NA	
Finding Caption: The Walla Walla Housing Authority did not comply with the federal requirements to maintain an up-to-date Utility Allowance Schedule.			
Background: The Walla Walla Housing Authority must maintain an up-to-date Utility Allowance Schedule in accordance with federal requirements of the Housing Choice Voucher Program. Each year the Housing Authority must review utility rate data for each utility category and adjust its Utility Allowance Schedule if there has been a rate change of 10 percent or more for a utility category or fuel type. The Housing Authority did not obtain new utility rate information or complete a Utility Allowance Schedule for 2012.			
Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>In 2013, the Walla Walla Housing Authority contracted with The Nelrod Company to create utility allowances for Public Housing and the Section 8 program. It became effective in October 2013. Our plan to maintain current utility allowances is to internally verify utility rates annually based on the methodology that the Company used. We will then compare the rates and if the rates differ by 10 percent we will adjust our utility allowances according to the methodology used by the Company. We will initiate this process every year between April and June to ensure that any changes are effective each October.</i>			

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**City of Walla Walla Housing Authority
Walla Walla County
January 1, 2013 through December 31, 2013**

Board of Commissioners
City of Walla Walla Housing Authority
Walla Walla, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the City of Walla Walla Housing Authority, Walla Walla County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated August 18, 2014. Our report includes a reference to other auditors who audited the financial statements of the Creekside Cottages Limited Partnership, Marcus Whitman Homes Limited Partnership, Rosehaven Cottages Limited Partnership, Galbraith Gardens LLC, Washington School Limited Partnership and Walla Walla Family Homes LLC, which represent 86 percent of the assets, net assets and revenues of the aggregately presented component units, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to

prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

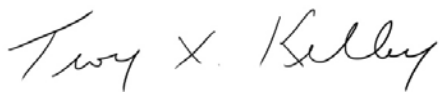
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY
STATE AUDITOR

August 18, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

**City of Walla Walla Housing Authority
Walla Walla County
January 1, 2013 through December 31, 2013**

Board of Commissioners
City of Walla Walla Housing Authority
Walla Walla, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Walla Walla Housing Authority, Walla Walla County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

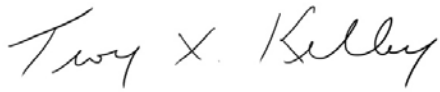
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

August 18, 2014

Independent Auditor's Report on Financial Statements

City of Walla Walla Housing Authority Walla Walla County January 1, 2013 through December 31, 2013

Board of Directors
City of Walla Walla Housing Authority
Walla Walla, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the City of Walla Walla Housing Authority, Walla Walla County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 12.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Creekside Cottages Limited Partnership, Marcus Whitman Homes Limited Partnership, Rosehaven Cottages Limited Partnership, Galbraith Gardens LLC, Washington School Limited Partnership and Walla Walla Family Homes LLC, which represent 86 percent of the assets, net assets and revenues of the aggregately presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the City of Walla Walla Housing Authority, as of December 31, 2013, and the respective changes in financial position and where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

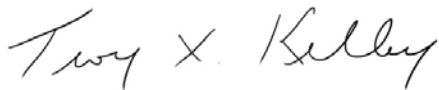
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD forms are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the

auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2014 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR

August 18, 2014

Financial Section

**City of Walla Walla Housing Authority
Walla Walla County
January 1, 2013 through December 31, 2013**

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2013

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2013

Statement of Revenues, Expenses and Changes in Net Position – 2013

Statement of Cash Flows – 2013

Notes to Financial Statements – 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2013

Notes to the Schedule of Expenditures of Federal Awards – 2013

Financial Data Schedule – 2013

Actual Modernization Cost Certificate – WA19P05750112 – 2012

Actual Modernization Cost Certificate – WA19P05750110 – 2010

Actual Modernization Cost Certificate – WA19P057501009 – 2009

Overview of the Housing Authority and Financial Statements

The Housing Authority of the City of Walla Walla (the Authority) was established in 1973 by the City of Walla Walla, Washington. The Authority owns and operates multiple Public Housing and Market properties, a Homeless Veterans Program (CORD), a Tenant Based Rental Assistance (TBRA) program and administers Housing Choice Voucher (HCV) and Veterans Affairs Supportive Housing (HUD-VASH) programs, which altogether, are identified as Primary Government.

The Component Units consist of four partnerships and three limited liability corporations for which the Authority is the managing partner. The properties are eligible for low-income housing tax credits. Component Units include also the Washington School Homes Planned Unit Development Property Owners Association and the Walla Walla Housing Foundation.

The mission of the Housing Authority is to create housing choices and energize neighborhoods while focusing on providing opportunities for low to moderate income families to prosper with dignity and respect.

The Authority is proud to present its basic financial statements for the fiscal year ended December 31, 2013, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires the inclusion of three basic financial statements: The Statement of Net Position (balance sheet); the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. In addition, GAAP requires the inclusion of a Management's Discussion and Analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that explain financial data reported in the statements and provide more detailed information related to those balances. The statements are followed by a section of other supplementary information that further explains and supports the information in the basic financial statements, including information required to be reported by the Authority's main oversight agency, the U.S. Department of Housing and Urban Development (HUD).

Financial Analysis

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the Authority and its Component Units at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end-of-year data for assets, liabilities and net position (assets minus liabilities).

Total assets of the Primary Government at December 31, 2013 are \$13,703,615. Current assets are comprised of several categories. Cash and cash equivalents include the cash and investments maturing within 90 days. Accounts receivable include tenant receivables, receivables from other governments and receivables from component units. Prepaid expenses and inventory are also assets of the Housing Authority. Non-current assets include capitalized costs, mortgages receivable, certain investments held

for operating and replacement reserves and capital assets. Capital assets include land, buildings, construction in progress, equipment and accumulated depreciation of those assets.

Total liabilities of the Primary Government are \$8,000,289 at December 31, 2013. Liabilities are also presented in current and non-current portions. Current liabilities include accounts payable, other accrued liabilities, deferred revenue, retainage payable and current portions of long-term debt. A liability is considered to be current if it is due within one year. Long-term liabilities consist of notes and mortgages payable over a period of years.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, invested in capital assets net of related debt, shows the equity in land, structures, construction in progress and equipment, net of related capital debt outstanding. The next net category is restricted net assets. These assets have external limitations on the way in which they may be used. The last category is unrestricted net assets. They are available to use for any lawful and prudent purpose of the Authority.

Statement of Revenues, Expenses and Changes in Net Position

The purpose of the statement of revenues, expenses and changes in net position is to present the revenues earned by the Authority, both operating and non-operating, and the expenses incurred, operating and non-operating and any other revenues, expenses, gains, and losses received or spent by the Authority. Generally, the operating revenues are amounts received for providing housing to the tenants. Non-operating revenues are funds received for which goods or services are not provided, except that non-operating revenues also include operating grants and subsidies. Capital contributions represent capital grants received to improve or develop capital assets of the Authority.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2013.

Condensed Comparative Financial Information for Primary Government

STATEMENT OF NET POSITION	2013	2012	Variance	% Change
ASSETS				
Cash & Cash Equivalents	1,526,489	1,393,084	133,405	9.58%
Accounts Receivable	418,694	532,303	(113,609)	-21.34%
Investments	284,107	283,636	471	0.17%
Other Current Assets	204,205	129,928	74,277	57.17%
TOTAL CURRENT ASSETS	2,433,495	2,338,952	94,543	4.04%
Capital Assets	10,811,196	10,365,117	446,079	4.30%
Other Non-Current Assets	458,924	349,955	108,969	31.14%
TOTAL NON-CURRENT ASSETS	11,270,120	10,715,072	555,048	5.18%
TOTAL ASSETS	13,703,615	13,054,024	649,591	4.98%
LIABILITIES & NET POSITION				
Accounts Payable	162,600	301,304	(138,704)	-46.03%
Other Current Liabilities	253,726	207,387	46,339	22.34%
Current Portion - Long Term Debt	1,394,282	1,553,064	(158,782)	-10.22%
TOTAL CURRENT LIABILITIES	1,810,608	2,061,755	(251,147)	-12.18%
Long Term Debt - Commercial	6,189,681	5,784,700	404,981	7.00%
Total Non-Current Liabilities	6,189,681	5,784,700	404,981	7.00%
TOTAL LIABILITIES	8,000,289	7,846,455	153,834	1.96%
Net Position				
Unrestricted	1,669,566	1,473,195	196,371	13.33%
Restricted	750,819	656,679	94,140	14.34%
Invested in Capital	3,282,941	3,077,694	205,247	6.67%
Total Net Position	5,703,326	5,207,569	495,757	9.52%
TOTAL NET POSITION	5,703,326	5,207,569	495,757	9.52%
TOTAL LIABILITIES & NET POSITION	13,703,615	13,054,024	649,591	4.98%

**STATEMENT OF REVENUES,
EXPENSES, & CHANGES IN NET
POSITION**

	2013	2012	Variance	% Change
<u>REVENUES</u>				
Tenant Income	1,377,307	1,112,579	264,728	23.79%
Other Income	749,764	618,408	131,356	21.24%
TOTAL OPERATING REVENUE	2,127,071	1,730,987	396,084	22.88%
Operating Subsidies & Other Grants	5,267,939	5,219,360	48,579	0.93%
Other Non-Operating Revenue	(34,865)	(30,458)	(4,407)	14.47%
TOTAL NON-OPERATING REVENUE	5,233,074	5,188,901	44,173	0.85%
GROSS REVENUE	7,360,145	6,919,889	440,256	6.36%
<u>EXPENSES</u>				
Payroll & Related Expenses	1,425,121	1,309,368	115,753	8.84%
Other Rental Operations Expenses	1,369,729	1,244,704	125,025	10.04%
TOTAL OPERATING EXPENSES	2,794,850	2,554,073	240,777	9.43%
Payments from Operating Subsidies	4,561,999	4,426,637	135,362	3.06%
Other Non-Operating Expenses	248,450	253,119	(4,669)	-1.84%
TOTAL NON-OPERATING EXPENSES	4,810,449	4,679,756	130,693	2.79%
TOTAL EXPENSES	7,605,299	7,233,829	371,470	5.14%
NET INCOME	(245,154)	(313,940)	68,786	-21.91%
Capital Grant Revenue	149,196	99,120	50,076	50.52%
TOTAL CAPITAL CONTRIBUTIONS	149,196	99,120	50,076	50.52%
CHANGE IN NET POSITION	(95,958)	(214,820)	118,862	-55.33%
Prior Period Adjustments	-	-	-	0.00%
Equity Transfers	591,715	-	591,715	0.00%
Net Position at January 1	5,207,569	5,422,389	(214,820)	-3.96%
NET POSITION AT DECEMBER 31	5,703,326	5,207,569	495,757	9.52%

Overall Financial Position and Results of Operations

WWHA's financial position is sound. WWHA's fundamental activities of housing and voucher administration performed routinely although with necessary adjustments to average voucher expense and case worker staffing. WWHA is pursuing funding for projects anticipated in its medium-term plans.

Financial Highlights Primary Government

- 1) In April 2013, the Housing Authority took possession of the home at 545 Quarter Street in the Washington School Homes development. The home had been foreclosed upon by Banner Bank. A mortgage for \$114,220 was taken out by WWHA to purchase the home. In June, the home was sold on a seller-contract in the amount of \$159,900 – monthly payments will be made to the Authority through December of 2015, at which time the buyer will refinance and make a final balloon payment. WWHA will pay off the mortgage to Banner with the proceeds.
- 2) In May of 2013, the Authority absorbed all the assets and liabilities of the Housing Authority of Walla Walla County, which consisted of 34.37 acres of land, a well-water system, two sewer lift stations, 68 occupied apartment units, 60 decommissioned apartment units, 2 houses, a shop building, daycare, laundry facility, and various out-buildings with a book value netting \$513,369. In addition to the physical assets there were cash and cash equivalents totaling \$412,671, current liabilities of \$77,728 and long term debt of \$253,595.
- 3) WWHA closed on the partnership agreement with Walla Walla Family Homes Two, LLC in September of 2013. WWHA is the managing member of the LLC, which was formed to develop and manage the Low-Income-Housing-Tax-Credit project Valle Lindo II. The project is located on 11.05 acres of the land acquired from the Housing Authority of Walla Walla County and will consist of 68 apartment units and a community building. Construction began in September 2013 and is slated for completion in September of 2014.
- 4) The Housing Choice Voucher (HCV) and Veterans Affairs Supportive Housing (VASH) programs expended \$90,286 more than was received for current year vouchers. Net Restricted Asset (NRA) declined accordingly. This reduction in the NRA was partially anticipated, although final pro-rations were lower than budgeted. Administrative support pro-rations for the HCV and VASH programs also came in lower than budgeted at roughly 70%, however, increased efforts to collect on assistance overpayments compensated for the reduction and helped to generate a \$7,220 increase to Unrestricted Net Assets (UNA) by year end.
- 5) WWHA has slated Lariat Apartments (34 units) and Linden Place (20 units) for re-development pending capital finance. The medium-term financing used to position the two properties will come due within the next several years. These properties currently are income-producing. In May 2013, WWHA received the balance of required funding to move forward with the Lariat Gardens project.
- 6) The closing for WWHA-Lariat Housing LLLP is slated to occur in early June of 2014. The partnership has obtained LIHTC funding as well as a loan from the Housing Trust Fund. The rehabilitation construction will begin immediately upon closing of the partnership deal and be complete by the end of 2014 or early 2015.

- 7) The Housing Authority exercised its purchase option on Washington School Apartments at the end of 2013. The partnership was dissolved and all the assets and liabilities were assumed by WWHA as of January 1, 2014.
- 8) WWHA holds a further purchase option as managing partner on the low-income housing tax credit property Creekside Cottages which reaches the end of its initial 15-year compliance period in late 2014.

Capital Asset and Debt Administration

Creekside Cottages paid down its note to WWHA by \$7,474 to a balance of \$34,026. The WWHA note pay down was consistent with the priority of payments in the partnership agreement.

Walla Walla Family Homes Two, LLC received \$1,553,227 in an equity installment from National Equity Fund in 2013. The funds were used to pay \$243,671 in closing costs, \$211,780 in developer fees (WWHA received \$114,361), and \$1,097,544 in general development costs. The partnership also drew \$1,300,000 in funds from the Housing Trust Fund that were used for pre-development and general construction expenses.

Economic Factors Affecting the Authority's Future

Availability of finance capital is essential for WWHA to meet its commitment to the growth of local housing opportunities. The current financial climate with declining asset values and increasing security requirements makes it steadily more challenging for WWHA to finance worthy projects. Federal tax credits for low-income housing are an especially important tool for attracting capital to low-income housing. The Washington State Housing Finance Commission (WSHFC) establishes the priorities for the award of tax credits within the state. WWHA's service area is classified as non-rural, typically putting local projects at a competitive disadvantage for WSHFC awards and increasing the challenge in raising capital.

WWHA's Linden Place was originally financed under the assumption that replacement funding would be available for rehabilitation and longer-term financing. WWHA continues to work on finance mechanisms to implement the plan for Linden Place.

WWHA is also challenged in its core activity of administering HUD-funded vouchers. HUD provides both Housing Assistance Payments (HAP) and Administrative Fees. Appropriations for administrative funds were pro-rated to 69% in 2013, and 75% in 2014, hence there are fewer processing dollars to handle an increased workload.

Request for information

This financial report is designed to provide a general overview of the Authority and its Component Units for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Amy V Allred, Finance Director, at 501 Cayuse Street, Walla Walla, WA 99362.

Housing Authority of the City of Walla Walla
Statement of Net Position
Current as of: December 31, 2013

	Primary Government	Component Units
<u>ASSETS</u>		
Cash & Cash Equivalents		
Unrestricted	1,124,336	284,627
Restricted for Modernization	119,954	994,848
Tenant Security Deposits	69,450	48,004
Current Liability Payment	-	-
Other Restricted	212,750	414,097
Total Cash & Cash Equivalents	<u>1,526,490</u>	<u>1,741,575</u>
Accounts Receivable		
HUD: HCV / VASH / PH / CFP	2,228	-
CORD / TBRA	43,568	-
Notes Receivable - Current	8,091	2,674
Due from Component Units	281,661	-
Intra-PG Bridge Financing	72,326	-
Tenant Rents	4,824	1,358
HAP Recovery	19,749	-
Miscellaneous Billings	5,134	5,563
Allowance for Doubtful Accts.	(18,887)	(4,126)
Total Accounts Receivable	<u>418,694</u>	<u>5,469</u>
Investments		
Unrestricted	256,165	-
Restricted	27,941	122,747
Total Investments	<u>284,106</u>	<u>122,747</u>
Other Current Assets		
Prepaid Expenses	116,256	27,091
Inventory (Maintenance)	87,949	-
Total Other Current Assets	<u>204,204</u>	<u>27,091</u>
TOTAL CURRENT ASSETS	<u>2,433,495</u>	<u>1,896,882</u>
Capital Assets		
Land	1,586,560	1,022,772
Buildings	14,283,613	24,810,853
Furniture / Equipment / Machinery	915,452	987,147
Leasehold Improvements	972,624	161,307
Accumulated Depreciation	(7,234,808)	(6,268,987)
Construction in Progress	287,755	3,164,027
Total Capital Assets	<u>10,811,196</u>	<u>23,877,119</u>
Other Non-Current Assets		
Notes: Mortgage Assistance	372,898	-
LP Mortgages & Accrued Interest	44,026	-
Managing Partner Capital in LP	42,000	-
Total Other Non-Current Assets	<u>458,924</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	<u>11,270,121</u>	<u>23,877,119</u>
TOTAL ASSETS	<u>13,703,615</u>	<u>25,774,001</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

Housing Authority of the City of Walla Walla
Statement of Net Position
Current as of: December 31, 2013

	Primary Government	Component Units
<u>LIABILITIES & NET POSITION</u>		
Current Liabilities		
AP - less than 90-days	170,347	744,380
Accrued Payroll / Taxes	16,804	-
Compensated Absences	27,992	-
Accrued Interest	40,705	16,978
AP - Other	2,385	-
Tenant Security Deposits	69,847	48,300
Prepaid Rent	16,135	10,227
Inter-Program Due-To	72,111	276,156
Current Portion - Long Term Debt	1,394,282	65,228
Total Current Liabilities	<u>1,810,608</u>	<u>1,161,269</u>
Non-Current Liabilities		
Compensated Absences - Non-Current	55,708	-
Long Term Debt - Commercial	6,133,973	11,777,514
Long Term Debt - WWA	-	44,026
Total Non-Current Liabilities	<u>6,189,681</u>	<u>11,821,540</u>
TOTAL LIABILITIES	<u>8,000,289</u>	<u>12,982,809</u>
Net Position		
Unrestricted	1,669,566	(730,851)
Restricted	750,819	1,531,691
Invested in Capital	3,282,941	11,990,352
Total Net Position	<u>5,703,327</u>	<u>12,791,192</u>
TOTAL NET POSITION	<u>5,703,327</u>	<u>12,791,192</u>
TOTAL LIABILITIES & NET POSITION	<u>13,703,615</u>	<u>25,774,001</u>

The Accompanying Notes are an Integral Part of these Financial Statements.

Housing Authority of the City of Walla Walla
Statement of Revenues, Expenses, and Changes in Net Position
For the Period Ended: December 31, 2013

	Primary Government	Component Units
<u>OPERATING REVENUES</u>		
Tenant Income		
Tenant Rents	1,306,304	1,189,882
Other Tenant Income	71,004	25,469
Net Tenant Income	1,377,307	1,215,351
Other Operating Revenues		
Contract Payroll Reciepts	306,735	-
Partnership Income	176,536	-
HAP Recovery	43,429	-
Other Income	201,465	20,733
GROSS REVENUE	2,105,471	1,236,084
<u>OPERATING EXPENSES</u>		
Payroll Expenses		
Salaries - Administration	625,848	-
Benefits & Taxes - Administration	134,432	-
Contract Administrative Payroll	-	52,840
Salaries - Maintenance	497,223	-
Benefits & Taxes - Maintenance	167,619	-
Contract Maintenance Payroll	-	251,324
Subtotal Payroll	1,425,122	304,163
Administrative Expenses		
Legal & Auditing	65,026	85,106
Partnership Fees	-	176,536
Development Costs	128	-
Other Administrative Expenses	103,780	8,749
Total Administration	168,934	270,391
Utility Expenses		
Water	90,619	62,804
Sewer	126,725	106,324
Electricity	73,982	26,462
Gas	9,345	3,820
Total Utility Expenses	300,672	199,410
Maintenance Expenses		
Equipment Rentals	64,724	36,644
Interior Maintenance Contracts	132,077	63,166
Garbage Removal Contract	54,753	46,497
Exterior Maintenance Contracts	34,328	19,502
Total General Maintenance	285,882	165,809
Other G & A Expenses		
Insurance	45,288	42,924
Depreciation & Amortization	524,284	1,046,535
Business Taxes & Other General Exp.	6,736	2,501
Bad Debt	37,931	5,814
Total Other G & A Expenses	614,240	1,097,774
TOTAL OPERATING EXPENSES	2,794,849	2,037,547
NET OPERATING INCOME	(689,377)	(801,463)

The Accompanying Notes are an Integral Part of these Financial Statements.

Housing Authority of the City of Walla Walla
Statement of Revenues, Expenses, and Changes in Net Position
For the Period Ended: December 31, 2013

	<u>Primary Government</u>	<u>Component Units</u>
<u>NON-OPERATING ACTIVITIES</u>		
Grant Revenues		
Voucher Funding	4,223,015	-
Operating Subsidies	785,847	-
Other Grant Revenue	280,677	-
Net Grant Revenues	<u>5,289,538</u>	<u>-</u>
Housing Assistance Payments		
Voucher Payments	4,520,442	-
Utility Assistance	33,495	-
Deposit Assistance	8,062	-
Total Housing Assistance Payments	<u>4,561,999</u>	<u>-</u>
Other Non-Operating Activities		
(Gain) / Loss on Sale of Assets	41,392	1,818
Interest (Income)	(6,527)	(1,781)
Interest Expense	248,449	157,045
NET NON-OPERATING ACTIVITIES	<u>444,225</u>	<u>(157,082)</u>
NET INCOME	<u>(245,153)</u>	<u>(958,545)</u>
Capital Grants	149,196	-
TOTAL CAPITAL CONTRIBUTIONS	<u>149,196</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(95,957)</u>	<u>(958,545)</u>
Prior Period Adjustments	-	-
Equity Transfers	591,715	1,552,967
Net Position at January 1	5,207,569	12,196,770
NET POSITION AT DECEMBER 31	<u>5,703,327</u>	<u>12,791,192</u>
	0	(0)

The Accompanying Notes are an Integral Part of these Financial Statements.

Housing Authority of the City of Walla Walla
Statement of Cash Flows
For the Period Ended: December 31, 2013

	Primary Government	Component Units
Cash Flow from Operating Activities		
Receipts from Tenants	1,396,901	1,212,530
Receipts - Other	738,071	17,790
Payments to Suppliers	(1,052,764)	(1,060,046)
Payroll: Earnings / Benefits / Taxes	(1,409,312)	2,286
Net Cash Flow from Operating Activities	(327,106)	172,560
Cash Flow from Non-Capital Financing Activities		
Voucher Funds Received	4,203,125	-
Voucher Payments	(4,561,998)	-
Operating Subsidies	1,079,226	-
Mortgage Assistance	(116,443)	-
Interfunding - NET	-	-
Security Deposits / Cafeteria Plan	18,488	(700)
Inter-Company	(2,377)	37,263
Component Unit - NET	108,032	(135,774)
Net Cash Flow from Non-Capital Financing Activities	728,052	(99,211)
Cash Flow from Capital Financing Activities		
Capital Contributions & Grants	744,947	1,553,227
Land / Building / Equipment Additions	(977,038)	(2,497,193)
Gain / (Loss) on Sale of Assets	(41,392)	(1,818)
Principal Payment on Debt	240,832	1,263,888
Interest Paid (non-capitalized)	(235,016)	(156,950)
Net Cash Flow from Capital Financing Activities	(267,668)	161,154
Cash Flow from Investing Activities		
Purchases of Investments	(469)	(260)
Interest & Dividends	597	1,781
Net Cash Flow from Investing Activities	128	1,521
TOTAL PERIOD CASH FLOW	133,406	236,023
Cash & Cash Equivalents at January 1	1,393,084	1,505,552
Net Increase / (Decrease) in Cash and Cash Equivalents	133,406	236,023
Cash and Cash Equivalents at December 31	1,526,490	1,741,575
	-	(0)
<u>Reconcile Income Statement to Cash Flow from Operations</u>		
Net Income / (Loss) from Operations per Income Statement	(689,377)	(801,463)
Add Back: Depreciation	524,284	1,046,535
Adjusted Net Income / (Loss) from Operations	(165,093)	245,072
Cash adjustment from changes in Assets and Liabilities		
(Increase) Decrease in accounts receivable	17,877	(4,222)
(Increase) Decrease in prepaid expenses	(65,631)	1,357
(Increase) Decrease in inventory	(8,646)	-
Increase (Decrease) in accounts payable	(133,045)	(68,104)
Increase (Decrease) in accrued liabilities	15,810	-
Increase (Decrease) in unearned revenue	11,622	(1,542)
Net Cash Adjustments	(162,012)	(72,512)
Net Cash Flow from Operating Activities	(327,106)	172,560

The Accompanying Notes are an Integral Part of these Financial Statements.

Housing Authority of the City of Walla Walla
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority of the City of Walla Walla conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the most significant policies including identification of those policies which result in departures from generally accepted accounting principles:

A. Reporting Entity

The Housing Authority of the City of Walla Walla is a municipal corporation governed by an appointed six member board. As required by GAAP, management has considered all potential component units in defining the reporting entity. These financial statements present the Authority, the Primary Government, and its Component Units. The Component Units discussed below are included in the Authority's reporting entity because of the significance of their operational or financial relationships with the Authority.

Washington School Limited Partnership

The partnership was formed as a limited partnership under the laws of the State of Washington on May 14, 1994. The purpose of the partnership is to construct and operate a rental housing project. The project consists of 24 residential units located in Walla Walla, Washington and operates under the name of Washington School Apartments. The project is eligible for low-income housing tax credits established under the program described in Section 42 of the Internal Revenue Code. The partnership has one general partner, the Authority with a 0.01 percent interest and one limited partner, National Equity Fund 1995 Series II Limited Partnership, which has a 99.99 percent interest. All profits and losses are allocated 0.01 percent to the general partner and 99.99 percent to the limited partner. Year 15 for Washington School Limited Partnership is 2014. NOTE: this partnership was dissolved effective January 1, 2014.

WWHA-Rosehaven Cottages Limited Partnership

The partnership was formed as a limited partnership under the laws of the State of Washington on May 5, 2003. The purpose of the partnership is to construct and operate a rental housing project. The project consists of 25 residential units and a community room located in Walla Walla, Washington and operates under the name of Rosehaven Cottages. The project is eligible for low-income housing tax credits established under the program described in Section 42 of the Internal Revenue Code. The partnership has one general partner, the Authority with a 0.01 percent interest and one limited partner, National Equity Assignment Corporation, which has a 99.99 percent interest. All profits and losses are allocated 0.01 percent to the general partner and 99.99 percent to the limited partner. Year 15 for WWHHA-Rosehaven Cottages Limited Partnership is 2019.

WWHA-Marcus Whitman Homes Limited Partnership

The partnership was formed as a limited partnership under the laws of the State of Washington on May 5, 2003. The purpose of the partnership is to rehab and operate a rental housing project. It consists of 50 residential units; a manager's unit and community room located in Walla Walla,

Washington and operates under the name of Marjorie Terrace. The project is eligible for low income housing tax credits established under the program described in Section 42 of the Internal Revenue Code. The partnership has one general partner, the Authority, which has a 0.01 percent interest and two limited partners, Enterprise Housing Partners III Series II Limited Partnership with a 48.99 percent interest, and Enterprise Housing Partners XI Limited Partnership with a 51.0 percent interest. All profits and losses are allocated 0.01 to the general partner and 99.99 percent to the limited partners. Year 15 for WWHA-Marcus Whitman Homes Limited Partnership is 2019.

WWHA-Creekside Cottages Limited Partnership

The partnership was formed as a limited partnership under the laws of the State of Washington on April 24, 1998. The partnership agreement was amended June 20, 2000. The purpose of the partnership is to construct and operate a rental housing project. It consists of 25 residential units located in College Place, Washington and operates under the name of Creekside Cottages. The project is eligible for low income housing tax credits established under the program described in Section 42 of the Internal Revenue Code. The partnership has one general partner, the Authority which has a 0.01 percent interest and one limited partner, Banc of America Housing Fund IIID with a 99.99 percent interest. All profits and losses are allocated 0.01 percent to the general partner and 99.99 percent to the limited partner. Year 15 for WWHA-Creekside Cottages Limited Partnership is 2014.

WWHA-Galbraith Gardens LLC

The partnership was formed as a limited liability company under the laws of the State of Washington on January 4, 2008. The purpose of the partnership is to re-habilitate and operate a rental housing project consisting of 33 residential units, one residential manager unit and a community room. The project is eligible for low income housing tax credits established under the program described in Section 42 of the Internal Revenue Code. The partnership has one general partner, the Authority which has a 0.01 percent interest and one limited partner, Enterprise Community Investment, with a 99.99 percent interest. All profits and losses are allocated 0.01 percent to the general partner and 99.99 percent to the limited partner. Year 15 for WWHA-Galbraith Gardens LLC is 2023.

WWHA-Walla Walla Family Homes LLC

The partnership was formed as a limited liability company under the laws of the State of Washington on January 06, 2010. The purpose of the partnership is to construct and operate a rental housing project, targeted to farm workers, consisting of 60 residential units and one community room. The land will be leased from the Housing Authority of the County of Walla Walla. The project is eligible for low income housing tax credits established under the program described in Section 42 of the Internal Revenue Code. The partnership has one managing member, the Authority, which has a 0.01 percent interest and one special member, Boston Capital Corporate Tax Credit Fund XXXIII Limited Partnership, with 99.99 percent interest. All profits and losses are allocated 0.01 percent to the managing member and 99.99 percent to the special member. Year 15 for WWHA-Walla Walla Family Homes LLC is 2025.

WWHA-Walla Walla Family Homes Two LLC

The partnership was formed as a limited liability company under the laws of the State of Washington on November 26, 2012. The purpose of the partnership is to construct and operate a rental housing project, targeted to farm workers, consisting of 68 residential units and one community room. The land will be leased from the Housing Authority of the County of Walla Walla. The project is eligible for low income housing tax credits established under the program

described in Section 42 of the Internal Revenue Code. The partnership has one managing member, the Authority, which has a 0.01 percent interest and one special member, Homestead Equity Fund XI LP, with 99.99 percent interest. All profits and losses are allocated 0.01 percent to the managing member and 99.99 percent to the special member. Year 15 for WWHA-Walla Walla Family Homes LLC is 2028.

Copies of the annual reports of the limited partnerships and limited liability corporations may be obtained by contacting Amy V Allred, Finance Director, 501 Cayuse Street, Walla Walla, WA 99362.

Washington School Homes Planned Unit Development Property Owners Association

The property owners association was formed as a non-profit corporation under the laws of the State of Washington on August 15, 2007. The purpose of the corporation is to manage the affairs of Washington School Homes Planned Unit Development, which property is made subject to Declaration of Covenants, Conditions, Restrictions and Reservations of Washington School Homes Planned Unit Development. It consists of 25 single-family lots and three additional lots owned by the Housing Authority. The number of memberships available equals the total number of lots within the Planned Unit Development; the Housing Authority holds three memberships plus all memberships of unsold lots or living units. The Housing Authority maintains memberships for the unsold lots or living units until such time termination occurs by selling or disposing of an ownership interest or property interest covered under the Declarations, and membership is transferred as a part of title.

Walla Walla Housing Foundation

The Walla Walla Housing Foundation was formed as a non-profit corporation under the laws of the State of Washington on December 5, 2006. The purpose of the corporation is to support the Housing Authority of the City of Walla Walla's educational, charitable, and scientific programs by performing fundraising exclusively for the benefit of the Housing Authority of the City of Walla Walla. The corporation has one member, the Housing Authority of the City of Walla Walla who is responsible for appointing the Board of Directors and such other powers, including voting rights and approval rights.

B. Basis of Accounting and Presentation

The accounting records of the Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and the Federal Department of Housing and Urban Development. The Authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special purpose governmental fund model.

The Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement of focus is on the flow of economic resources. The proprietary fund is composed of a number of programs. These programs are designed to provide low income individuals and families with housing.

Low-Rent Public Housing

The Low-Rent Public Housing program consists of 84 housing units. The Authority maintains these housing units and provides them as rental units for low-income families located in Walla Walla, Washington. The U.S. Department of Housing and Urban Development provides the

funding to operate these housing units and provides ongoing operating and capital subsidies to the program.

Housing Choice Voucher Program

The Housing Choice Voucher Program was established to provide rental assistance to eligible families to rent in the private market. The Authority administers approximately 750 housing vouchers in Walla Walla and Columbia counties. The Authority's vouchers are designated for low-income individuals and families.

HUD-Veterans Affairs Supportive Housing (VASH)

The VASH Program was established to provide rental assistance for homeless veterans to rent in the private market. The Veterans Administration Medical Center is responsible for screening and referral. The Authority administers 180 VASH vouchers in Walla Walla, Columbia, Franklin, and Benton counties in Washington State and the greater Milton-Freewater area of Umatilla County in Oregon State.

Tenant Based Rental Assistance Program

The Tenant Based Rental Assistance Program was established to provide rental and deposit assistance to eligible homeless families to rent in the private market. Funding is provided from the State Department of Commerce using HOME funds under CFDA 14.239. The Authority administers the program and provides assistance to an annual average of 25 homeless individuals and families.

HUD Capital Fund Program

The HUD Capital Fund Program (CFP) was established to account for capital funds provided by HUD to improve and upgrade existing low-rent public housing units operated by the Authority.

Veterans Homeless Program

The Corps of Recovery Discovery program is a transitional housing and vocational rehabilitation program for homeless veterans. The Authority constructed 4 duplexes and two single units for the program and contracts with Valley Residential Services to provide services for the homeless program. This program has the highest success rate per capita of any homeless Veterans program within the United States.

Neighborhood Stabilization Program

WWHA in 2010 purchased two homes as a sub-recipient of Neighborhood Stabilization Program funding for conversion to use as transitional housing for homeless veterans. The Authority contracts with Valley Residential Services to provide services for the homeless program.

Belmont Apartments

The Belmont Apartments consists of 21 apartments owned and operated by the Housing Authority. The project receives no federal subsidies and the units are rented at market rate. A minimum of 10 units are dedicated to developmentally disabled individuals.

Farmworker Housing (Lado Viejo Apartments)

Farmworker Housing consists of 68 apartments owned and operated by the Housing Authority. The project receives no federal subsidies and the units are rented at market rate. These units will be decommissioned and demolished in conjunction with the Valle Lindo Two project under construction by Walla Walla Family Homes Two, LLC.

Foothill Homes

Foothill Homes consists of 25 townhome-style apartments located on various sites throughout Walla Walla and is owned and operated by the Housing Authority. The project receives no federal subsidies and the units are rented at market rate.

Lariat Apartments

The Lariat Apartments consists of 34 apartments owned and operated by the Housing Authority. The Housing Authority purchased the property on December 22, 2009. The project receives no federal subsidies and the units are rented at market rate.

Linden Place

Previously known as Galbraith Gardens Apartments, Linden Place consists of 20 apartments owned and operated by the Authority. The project receives no federal subsidies and the units are rented at market rate.

Enterprise Program

The Authority uses the Enterprise Program to account for indirect program revenue and expenses. These indirect revenues and expenses are allocated to the Authority's ongoing programs based on the level of resources the programs require. This is the central office cost center and houses the administrative building, including community space which is available for use by each program's tenants and other groups and individuals.

Also included in the Enterprise Program are the revenues and expenses associated with the well-water system, sewer lift-stations, daycare facility and laundry facility located at the Valle Lindo property.

Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method, revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the fund.

The Authority applies GASB pronouncements and has elected to apply Financial Accounting Standard Board (FASB) statements and Accounting Principles Board (APB) pronouncements issued after November 30, 1989.

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, the authority considers all highly liquid investments, including restricted assets with a maturity of three months or less when purchased, to be cash equivalents.

D. Capital Assets: See Note 4.**E. Restricted Assets**

In accordance with long-term debt resolutions and certain related agreements, grant agreements, and partnership agreements separate restricted accounts are required to be established. The assets

held in these accounts are restricted for specific uses, including construction, debt service and other special reserve requirements. Restricted resources currently include the following:

Primary Government - Restricted Net Assets

HCV & VASH Housing Assistance	220,616
Mortgage Assistance - Revolving Loan Fund	372,898
Deposit Assistance - Revolving Loan Fund	9,410
Water/Sewer System Replacement Reserves	48,167
CORD Replacement Reserve	27,941
Belmont Replacement Reserve	18,492
Footill Homes Operating/Replacement Reserves	53,295
Total Net Restricted Assets	750,819

Primary Government - Other Restricted Cash

Public Housing Security Deposits	16,601
Enterprise Security Deposits	52,849
Cafeteria Plan	2,008
Total Other Restricted Cash	71,458

Component Units - Restricted Net Assets

Operating/Replacement Reserves	1,117,595
Total Net Restricted Assets	1,117,595

Component Units - Other Restricted Cash

Construction Funds - WW Family Homes Two	414,097
Security Deposits	48,004
Total Other Restricted Cash	462,101

F. Receivables

Tenant account receivables consist of amounts owed from private individuals for unpaid rents, maintenance charges and/or late fees. Allowances for doubtful accounts are established for all accounts receivable, except receivables from component units, and inventory balances. The allowances are adjusted to "at-risk" balances on a monthly basis. An "at-risk" balance is designated as all balances due from past residents/participants plus the entire balance of a note receivable for which any payments are past due.

Other receivables include amounts due from partnerships and federal, state, and local grantors for expenses incurred but not yet reimbursed. No estimate for uncollectible amounts of governmental receivables has been established as management believes that all accounts will be collected in full.

G. Inventories

Inventories are valued at average cost. The accounting system, implemented in fiscal year 2007, initially accounted for inventory using the LIFO methodology. An updated module adopted in

2008 revised the valuation to average cost. The effect was judged to be immaterial and WWHA recorded no entry for accounting change.

H. Investments

State statutes authorize the Authority to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the primary government, as well as for its component units, are reported at fair value. No investments are reported at amortized costs.

Interest is allocated to the appropriate program based on the fair value of its share of pooled funds.

I. Operating Revenues/Expenses

The Authority reports operating revenues as defined in GASB 9. Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating subsidies and grants are reported as non-operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low income housing.

J. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Authority utilizes undifferentiated Paid Time Off (PTO) for vacation, sick leave, and personal leave. The Authority records unpaid leave for compensated absences as an expense and a liability when incurred. PTO may be accumulated and carried-over at year end up to 80 hours. The employee's PTO balance is payable upon resignation, retirement, or death.

K. Construction Financing

Currently the Authority has no active interim or construction financing, however, Walla Walla Family Homes Two, LLC has secured construction financing in the amount of \$10,250,000 with Wells Fargo Bank for the construction of Valle Lindo Two. The debt will be retired with funds from the investor partner.

L. Conditional Assets

The Authority holds mortgages in second position on eight Washington School Homes properties in the total amount of \$219,455. The terms are as follows:

Borrowers making at or below 80% of the area median income are eligible for a deferred-payment second mortgage subsidy recorded as a promissory note secured by a mortgage document with a recapture clause. No interest will be assessed and the borrower will make no payments. If the home is sold within the first 10 years, the Authority will collect the original subsidy and share a portion of the sales proceeds after the retirement of other outstanding debt against the property. Two of the agreements accounting for \$15,000 require no repayment of the mortgage after year-10.

The remaining agreements accounting for \$204,455 require 50% repayment of the mortgage after year-10.

The portion of the sales proceeds in which the Authority will share is based on the percentage of the subsidy to the original price of the home. If the home is sold within the first five years of ownership, the Authority will be entitled to a percentage of equity (sales proceeds) equal to the full percentage of the original subsidy. If the home is sold in years 6-10, the Authority will be entitled to a percentage of equity equal to half the percentage of the original subsidy.

In 2013, two of the Washington School Homes were foreclosed on by Banner Bank. Both homes were re-purchased from the bank by the Authority and sold on the open market. One of the homes had a \$37,000 deferred-payment second mortgage that was retired with the sale of the home. The other home was sold on an interim seller-contract mortgage in the amount of \$159,900 which will be paid in full by December 2015.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

The Authority’s deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC).

B. Investments

As of the year ended December 31, 2013, the Authority had the following investments:

Primary Government Certificates of Deposit	284,106
Component Unit Certificates of Deposit	160,867

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction the Authority or its Component Units would not be able to recover the value of the investment or collateral securities. Of the Authority’s total position of \$1,526,490 and its Component Units total position of \$1,741,575 at December 31, 2013, \$0.00 is exposed to custodial credit risk because the investments and deposits are fully insured and held in the Authority’s name.

NOTE 4 – CAPITAL ASSETS

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. The Authority and its Component Units do not have any obligations under capital leases.

Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The Executive Director is also authorized to make determinations on a case-by-case basis for application of the capitalization policy to non-expendable

personal property that does not meet the aforementioned policy but where capitalization of the specific equipment purchase would afford more desirable administrative control over the equipment.

Capital assets are recorded at historical cost. Donations are recorded at fair market value at the time of donation or the appraised value.

Primary Government capital asset activity for the year ended December 31, 2013 was as follows:

Non-Depreciating Capital Assets	Beginning	Additions	Retirements	Ending
Land	1,421,160	479,205	(313,805)	1,586,560
Construction in Progress	77,385	542,328	(331,958)	287,755
Total Non-Depreciating Capital Assets	1,498,545	1,021,533	(645,763)	1,874,315
Depreciating Capital Assets	Beginning	Additions	Retirements	Ending
Buildings & Site Improvements	14,735,100	1,156,429	(635,291)	15,256,238
Equipment	586,214	145,287	(125,952)	605,549
Capitalized Costs	309,903	-	-	309,903
Total Depreciating Capital Assets	15,631,217	1,301,716	(761,243)	16,171,690
Accumulated Depreciation	Beginning	Additions	Retirements	Ending
Buildings & Site Improvements	(6,380,273)	6,090	(474,152)	(6,848,335)
Equipment	(362,823)	61,273	(46,345)	(347,895)
Capitalized Costs	(28,224)	-	(10,355)	(38,578)
Total Accumulated Depreciation	(6,771,319)	67,364	(530,852)	(7,234,808)
NET CAPITAL ASSETS	10,358,442	2,390,613	(1,937,858)	10,811,197

Component Unit capital asset activity for the year ended December 31, 2013 was as follows:

Non-Depreciating Capital Assets	Beginning	Additions	Retirements	Ending
Land	1,022,772	-	-	1,022,772
Construction in Progress	6,675	5,818,758	(2,661,407)	3,164,027
Total Non-Depreciating Capital Assets	1,029,447	5,818,758	(2,661,407)	4,186,799
Depreciating Capital Assets	Beginning	Additions	Retirements	Ending
Buildings & Site Improvements	24,661,101	62,564	(19,502)	24,704,163
Equipment	716,292	24,898	(9,404)	731,786
Capitalized Costs	523,359	-	-	523,359
Total Depreciating Capital Assets	25,900,752	87,461	(28,906)	25,959,308
Accumulated Depreciation	Beginning	Additions	Retirements	Ending
Buildings & Site Improvements	(4,652,178)	116	(938,973)	(5,591,035)
Equipment	(446,502)	5,127	(82,015)	(523,390)
Capitalized Costs	(128,619)	-	(25,944)	(154,562)
Total Accumulated Depreciation	(5,227,299)	5,243	(1,046,932)	(6,268,987)
NET CAPITAL ASSETS	21,702,901	5,911,463	(3,737,244)	23,877,119

In the case of the sale of a significant operating unit or system, the original cost is removed from the capital asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Depreciation is computed on the straight-line method with useful lives of 3 to 50 years. Internal Revenue guidelines are used to determine the depreciation terms of acquired assets.

NOTE 5 – CONSTRUCTION COMMITMENTS

The Housing Authority has active construction commitments as of December 31, 2013. Projects listed on the table below have contractor commitments at year end as noted:

Primary Government - Construction	Expended	Remaining
Capital Fund Project Year 2010	178,220	-
Capital Fund Project Year 2011	75,124	79,378
Capital Fund Project Year 2012	3,183	134,420
Capital Fund Project Year 2013	-	134,911
Lariat Gardens Pre-Development	211,685	184,920
Gym Remodel	58,245	78,755
Total Construction In Progress	526,457	612,384

Component Units - Construction	Expended	Remaining
Walla Walla Family Homes Two, LLC	3,162,690	11,058,143
Marjorie Terrace - Water Damage	1,288	26,338
Total Construction In Progress	3,163,979	11,084,480

Of the committed balance of \$1,138,841 for Primary Government and \$14,248,459 for Component Units, WWAHA will be required to raise \$0 in future financing. However, to move the Lariat Gardens project into full development, the project financing package must be closed in the amount of \$10,228,440.

NOTE 6 – SHORT-TERM DEBT

The Housing Authority had no external short-term financing in 2013.

NOTE 7 – LEASES

The Authority and its component units have no operating or capital lease agreements.

NOTE 8 – LONG-TERM DEBT AND LIABILITIES

A. Real Estate Mortgages

Primary Government has long term loans secured by capital assets, and one unsecured loan. These loans were used to acquire capital assets that provide low income housing, and to improve the WWAHA offices one case. All loans are being repaid from revenues generated by the Primary Government.

Primary Government - Mortgages	Principal	Issue Date	Rate	Due	Outstanding
Lariat - Impact Capital; secured by real estate	1,259,200	12/24/09	6.50%	2014	1,280,000
Washington School Homes - Bridge Loan	114,220	03/01/13	3.88%	2015	112,686
Alder – Secured by Real Estate	316,800	03/21/07	5.00%	2016	181,063
Linden Place – Secured by Real Estate	500,000	12/23/08	1.00%	2016	500,000
Linden Place – Secured by Real Estate	300,000	12/24/08	5.00%	2016	253,737
Lariat - HFC; secured by real estate***	320,000	12/24/09	1.00%	2017	329,962
Commercial Loan-Unsecured and variable rate	100,000	06/27/11	6.50%	2021	81,326
WWHA Office – Secured Real Estate	205,000	05/29/98	4.50%	2023	107,568
Foothill Homes - Banner Permanent	2,054,600	07/01/10	5.00%	2024	1,953,183
CORD – Secured by Real Estate	126,000	01/18/98	4.50%	2028	46,611
CORD – Secured by Real Estate	70,000	09/13/98	4.50%	2028	81,422
Drinking Water State Reserve Fund	253,595	05/03/13	3.00%	2028	237,746
Belmont Apartments – Secured by Real Estate	237,250	09/24/99	4.50%	2029	164,660
Belmont Apartments – Secured by Real Estate	100,000	06/30/09	1.00%	2048	98,937
Belmont Apartments – Secured by Real Estate*	100,000	06/30/09	1.00%	2048	116,097
Belmont Apartments – Secured by Real Estate**	113,920	06/30/09	1.00%	2048	132,258
Foothill Homes - HTF secured by Real Estate	1,875,000	10/30/09	1.00%	2049	1,851,000
Total Current Mortgage Balances					<u>7,528,255</u>
* Capitalized Interest at Maturity - Belmont HTF 2					5,922
** Capitalized Interest at Maturity - Belmont HTF 3					21,289
*** Capitalized Interest at Maturity - Lariat HFC					13,649
Total Mortgage Balances through Maturity					<u>7,569,115</u>

Service requirements to maturity for mortgages are as follows:

Primary Government Debt Summary

Year	Principal	Interest
2014	1,394,282	198,730
2015	226,860	149,666
2016	1,009,653	143,781
2017	465,117	115,041
2018	125,540	110,533
2019 - 2023	711,600	485,634
2024 - 2028	770,964	367,951
2029 - 2033	777,899	259,953
2034 - 2038	927,561	138,466
2039 - 2043	629,309	17,593
2044 - 2048	401,830	2,434
2049 - 2053	128,500	-
Total	<u>7,569,115</u>	<u>1,989,781</u>

The Authority is in compliance with all significant limitations and restrictions.

The Component Units have long term loans secured by capital assets. These loans were used to acquire capital assets that provide low income housing. They are being repaid from revenues generated by the component units.

Component Units - Mortgages	Principal	Issue Date	Rate	Due	Outstanding
M. Whitman Homes LP - Secured by Real Estate	2,547,775	09/15/04	6.84%	2020	383,951
Rosehave Cottages LP - Secured by Real Estate	207,714	05/13/05	6.50%	2020	186,616
Creekside Cottages Loan from WWHA*	160,000	08/17/00	3.00%	2027	34,026
Galbraith Gardens LLC - Secured by Real Estate	800,000	07/01/10	5.75%	2028	763,270
Creekside Cottages LP - Secured by Real Estate	162,106	09/24/00	6.00%	2030	127,393
Washington School LP - Secured by Real Estate	315,833	08/01/05	7.00%	2030	261,203
Washington School Loan from WWHA	10,000	02/09/04	5.01%	2034	10,000
M. Whitman Homes LP - Secured by Real Estate	1,363,000	08/01/05	1.00%	2045	1,374,930
Rosehave Cottages LP - Secured by Real Estate	850,000	03/31/06	1.75%	2045	825,500
Washington School LP - Secured by Real Estate	525,000	12/31/98	1.00%	2047	594,878
Galbraith Gardens LLC - Secured by Real Estate	2,825,000	12/24/08	0.00%	2049	2,825,000
Creekside Cottages LP - Secured by Real Estate	650,000	12/01/01	1.00%	2050	650,000
WW Family Homes - Secured by Real Estate**	2,500,000	11/10/10	1.00%	2051	2,550,000
WW Family Homes 2 - Secured by Real Estate***	1,300,000	06/10/13	1.00%	2054	1,300,000
Total Current Mortgage Balances					<u>11,886,768</u>

* Subject to Accelerated Pay Down

** Accrued Interest Capitalized through 2031

*** Accrued Interest Capitalized through 2044

Total Mortgage Balances through Maturity

450,000

175,068

12,511,836

Service requirements to maturity for mortgages are as follows:

Component Unit Debt Summary

Year	Principal	Interest
2014	65,228	127,861
2015	66,665	130,729
2016	85,268	134,228
2017	88,153	130,824
2018	83,511	127,267
2019 - 2023	474,823	579,064
2024 - 2028	628,800	459,297
2029 - 2033	681,955	323,130
2034 - 2038	629,445	227,994
2039 - 2043	549,365	151,152
2044 - 2048	2,473,151	96,109
2049 - 2053	5,788,434	54,451
2054 - 2058	897,038	8,970
Total	<u>12,511,836</u>	<u>2,551,076</u>

The component units are in compliance with all significant limitations and restrictions.

B. Changes in Long-Term Liabilities

During the year ended December 31, 2013, the following changes occurred in long-term liabilities:

Primary Government	Beginning	Additions	Pay Downs	Ending
Mortgages Payable	7,287,423	783,169	(542,337)	7,528,255
Compensated Absences	73,482	27,491	(17,273)	83,700
Claims & Judgements	-	-	-	-
Total	7,360,905	810,660	(559,611)	7,611,955

Component Units	Beginning	Additions	Pay Downs	Ending
Mortgages Payable	10,622,879	1,326,261	(62,372)	11,886,768
Compensated Absences	-	-	-	-
Claims & Judgements	-	-	-	-
Total	10,622,879	1,326,261	(62,372)	11,886,768

NOTE 9 – PENSION PLAN

Substantially all of the Housing Authority's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements 27, *Accounting for Pensions by State and Local Government Employers* and 50, *Pension Disclosures, an Amendment of GASB Statements 25 and 27*.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees

have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service. PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least five years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' Fiscal Year 2013, PERS Plan 3 employee contributions were \$99.0 million, and plan refunds paid out were \$69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Non-vested	44,273
Total	263,347

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both Authority and the employees made the required contributions. The Authority's required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2013 Contributions	-	70,261	24,407
2012 Contributions	-	55,247	21,144
2011 Contributions	-	41,698	21,164
2010 Contributions	-	37,168	17,154
2009 Contributions	-	37,502	21,894

NOTE 10 – MAJOR COMPONENT UNITS

GAAP requires that separate presentation or disclosure be made for the major component units of an entity. However, the methodology in determining whether a component unit should be classified as a major or non-major component unit is not clearly defined in GASB 34 and therefore is left to the

interpretation of the user of the financial statements. To promote accountability, fiscal integrity, and transparency in fiscal reporting the Authority is providing the following financial disclosures related to the component units:

A. Component Units

The purpose of the limited partnerships is to operate a rental housing project. The authority has ownership interest in four limited partnerships and three limited liability corporations that are eligible for low-income housing tax credits established under the program described in Section 42 of the Internal Revenue Code.

NOTE 11 – MATERIAL RELATED PARTY TRANSACTIONS

WWHA-Creekside Cottages LP, WWHA-Marcus Whitman Homes LP, WWHA-Rosehaven Cottages LP, Washington School Apartments LP, WWHA-Galbraith Gardens, LLC, WWHA-Walla Walla Family Homes, LLC and WWHA-Walla Walla Family Homes Two, LLC are managed by the Housing Authority. As such, the managing partner is entitled to, per the partnership agreements certain property management and administrative fees.

The Housing Authority earned the following fees during fiscal year 2013:

	Incentive Mgmt Fee	Developer Fee	Partnership Admin Fee	Property Mgmt Fee	Total Fees Paid
WWHA-Creekside Cottages LP	5,000	-	17,384	10,345	32,728
WWHA-Galbraith Gardens LLC	-	-	6,682	16,377	23,059
WWHA-Marcus Whitman Homes LP	-	-	19,572	19,236	38,808
WWHA-Rosehaven Cottages LP	-	-	12,239	13,606	25,845
WWHA-Walla Walla Family Homes LLC	-	-	10,000	27,486	37,486
WWHA-Walla Walla Family Homes Two LLC	-	114,361	-	-	114,361
Washington School Apartments LP	-	-	14,614	8,995	23,609
Total	5,000	114,361	80,491	96,045	295,897

The Housing Authority has entered into ground leases with the limited partners. Annual lease payments are \$12, with the exception of WWHA-Walla Walla Family Homes LLC which is \$10 annually, prepaid through 2017.

The partnership agreements between the Housing Authority and its component units provide for various obligations of the general partner including its obligation to provide funds for any development and operating deficits. The specific details of the notes payable from the component units to the Housing Authority can be seen in Note 8.

- The Housing Authority has advanced funds under a revolving credit loan to Washington School Apartments. The unpaid balance accrues interest at 5.01 percent. Accrued interest receivable was \$4,954 at December 31, 2013.
- The Housing Authority entered into a note receivable with Creekside Cottages LP. The unpaid balance accrues interest at 3.0 percent per annum. Accrued interest receivable was \$766 at December 31, 2013.
- The accompanying table ties to Current Asset: Due from Component Unit and to Non-current Asset: Long-term Notes Due from Component Unit.

Amounts due from the Component Units at December 31, 2013, are as follows:

WWHA-Creeside Cottages LP

Year-End Fees	8,909
Accrued Interest	766
Note Principal	34,026

WWHA-Galbraith Gardens LLC

Year-End Fees	12,338
Partnership Fee	15,794
Developer Fee	23,960
Accrued Interest	195

WWHA-Marcus Whitman Homes LP

Year-End Fees	7,212
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WWHA-Rosehaven Cottages LP

Year-End Fees	3,546
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WWHA-Walla Walla Family Homes LLC

Year-End Fees	6,980
Partnership Fee	20,000
Developer Fee	43,488

WWHA-Walla Walla Family Homes Two LLC

Year-End Fees	-
Partnership Fee	-
Developer Fee	-

Washington School Apartments LP

Partnership Fee	102,764
Property Management Fee	14,980
Payroll & Materials	15,775
Accrued Interest	4,954
Note Principal	10,000

Total Due From Component Units	<u>325,687</u>
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NOTE 12 – ACCOUNTING CHANGES

There were no major accounting policy changes in 2013.

NOTE 13 – EXTRAORDINARY / SPECIAL ITEMS

There are no extraordinary or special items for 2013.

NOTE 14 - PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustments in 2013.

NOTE 15 – CONTINGENT LIABILITIES AND LITIGATION

The Authority has made no material commitments nor have there been any events or actions in regards to contingent litigations between the effective dates of these financial statements and the date of issue to be reported.

NOTE 16 – SUBSEQUENT EVENTS

The Washington School Apartments Limited Partnership was dissolved as of January 1, 2014. All the existing assets and liabilities of the partnership were transferred to the Authority effective as of that same date. Physical assets were valued at the value of the remaining hard debt on the project, \$856,081. Current assets, including cash and equivalents, totaled \$43,654 and liabilities \$21,974. An additional \$70,492 in operating reserve cash was used to pay down inter-company payables; the balance of inter-company debt was written-down in the amount of \$77,981.

WWHA's Lariat Apartments were originally financed under the assumption that replacement funding would be available for rehabilitation and longer-term financing. In May 2013, the replacement financing for Lariat Apartments was received. Final details of the financing package are to be put together in the first part of 2014, with deal closing scheduled for early June. Construction will begin that same month and is slated for completion by the end of 2014 or early 2015.

Funding Sources - Lariat Gardens Limited Partnership

State Housing Trust Fund	1,838,000
LIHTC Equity	7,997,638
Permanent Financing	396,540
Total Project Financing	<u>10,232,178</u>

NOTE 17 – JOINT VENTURES

The Authority does not participate in any joint ventures.

NOTE 18 – RISK MANAGEMENT

The Housing Authority of the City of Walla Walla is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Inter-local Cooperation Act), 55 public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP currently has a total of 87 members in the states of Washington, Oregon, Nevada and California; 36 of the 87 members are Washington public housing entities.

New members originally contract for a 3- year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the 3-year commitment) upon giving written notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

Members are placed into an actuarially determined rate tier designed to reflect loss experience of the member for the previous four years. The tiered system is designed to adjust rates based on claims experience.

Automobile Liability coverage is written on an occurrence basis, with \$250 - \$500 in deductibles. General Liability coverage is also written on an occurrence basis with a variable deductible ranging from \$0 to 10% of the claim. Errors & Omissions coverage and Employment Practices Liability coverage are written on a claims-made basis, and the members are responsible for \$2,500 or up to 10% of the incurred costs of the claims. Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment. The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided with deductibles the same as Property.

Coverage limits for General Liability, Errors & Omissions and Property are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. Some members have chosen greater Property limits for higher valued properties. Limits for Automobile Liability are \$2,000,000/\$2,000,000.

In 2011 HARRP re-structured its self-insurance program to transfer a portion of the risk to the commercial marketplace. HARRP self-insures 50% of the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate) and purchases reinsurance for the remaining \$1,000,000. For property, HARRP purchases \$45,000,000 of reinsurance for a combined total of \$47,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

Risk Exposure and Claims:

There were two damage claims in 2013:

1. Water damage from a frozen sprinkler line in Building G at Marjorie Terrace Apartments. Insurance covered \$20,431 of the \$27,626 in expenses. The damage occurred and the claim was initiated in December of 2013, however, the bulk of the repair work and pay-out on the claim occurred in 2014.
2. Fire damage in unit 285-100 at Valle Lindo Homes. Insurance covered \$20,431 of the \$19,502 in expenses.

Claims have not exceeded insurance coverage in any of the last three years.

NOTE 19 - OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The Authority has no OPEB plans.

NOTE 20 – TERMINATION BENEFITS

The Authority has no outstanding termination benefit obligations.

NOTE 21 - PLEDGES AND SALES OF FUTURE REVENUES AND INTRA-ENTITY TRANSFERS OF ASSETS AND FUTURE REVENUES

The Authority has no applicable pledges or sales.

NOTE 22 – POLLUTION REMEDIATION OBLIGATIONS

The Authority has no pollution remediation obligations.

NOTE 23 – DERIVATIVE INSTRUMENTS

The Authority has no derivative instruments.

NOTE 24 – BANKRUPTCY

The Authority has not filed for bankruptcy.

NOTE 25 – GOING CONCERN

The Walla Walla Housing Authority is considered a going concern.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Agency/Pass Through Agency Name	Federal Program Name	CFDA	Other I.D. Number	Expenses		
				From Pass Through	From Direct Awards	Total
U.S. Dept of Housing and Urban Development <i>pass through Community, Trade and Economic Development</i>	HOME Investment Partnership Program	14.239	F07-47101-113	208,825	-	208,825
	Public & Indian Housing	14.850	WA057-001-06D	-	206,927	206,927
	Public Housing Capital Fund Program	14.872	WA19P05701-10	-	89,467	89,467
	Public Housing Capital Fund Program	14.872	WA19P05701-11	-	74,465	74,465
U.S. Dept of Housing and Urban Development <i>pass through Wa State Dept of Commers</i>	Public Housing Capital Fund Program	14.872	WA19P05701-12	-	3,183	3,183
			<i>Total</i>		167,115	167,115
	Section 8 Housing Choice Voucher	14.871	WA057	-	4,569,481	4,569,481
				-	-	-
U.S. Department of Veterans Affairs Veterans Health Administration	VA Homeless Providers Grant and Per Diem Program	64.024	96-036-WA		121,306	121,306
		64.024	05-72-WA	-	156,595	156,595
			<i>Total</i>		277,901	277,901
Total Federal Awards				208,825	5,221,424	5,430,249

The accompanying Notes to the Schedule of Expenditures of Federal Awards is an integral part of this statement.

Housing Authority of the City of Walla Walla

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Housing Authority of the City of Walla Walla's financial statements. The authority uses the accrual basis of accounting.

NOTE 2 - HUD GRANT REPORTING REQUIREMENTS

The amounts shown in Schedule of Expenditures of Federal Awards represent Federal funds expended by the Authority in the reporting period. Excepting CFDA 14.850 and/or CFDA 14.871, the listed programs are cost reimbursement and are claimed via voucher. CFDA 14.850 and/or 14.871 are formula driven and are disbursed in advance of Authority expenditure.

HUD's Accounting Issue #10 on OMB A-133 reporting implications determines that "for subsidy programs (Low Rent [CFDA 14.850] and Section 8 [CFDA 14.871]) federal awards expended would equal the net ACC subsidy... Specifically the net Low Rent operating subsidy received and the net Section 8...dollars received would be the federal awards expended..."

The basis for reporting SEFA Schedule 16 by CFDA is as follows:

CFDA	Federal Program Name	Revenue	Expenditure
14.239	HOME Investment Partnership Program		208,825
14.228	Housing and Economic Recovery Act: Section 2301c (1)		-
14.850	Public and Indian Housing	206,927	
14.872	Public Housing Capital Fund Program		167,115
14.871	Section 8 Housing Choice Voucher	4,569,481	
64.024	VA Homeless Providers Grant and Per Diem Program		277,901
Total Federal Funds Expended		4,776,408	653,841

CFDA 14.850 Public and Indian Housing Federal funds are commingled with local funds. In 2013, Public Housing revenues exceeded expenditures: CFDA 14.850 Unrestricted Net Assets increased \$38,311 to \$219,283.

CFDA 14.871 Section 8 Housing Choice Voucher funds are not commingled with local funds. In 2013, Section 8 voucher expenditures exceeded revenues: CFDA 14.871 Restricted Net Assets decreased \$90,286 to \$220,616.

		Expenditure	less
		Expenditure	Revenue
14.850	Public and Indian Housing	102,175	(104,752)
14.871	Section 8 Housing Choice Voucher	4,486,411	(83,070)
Total Expenditures and Net Asset Change		4,588,586	(187,822)

NOTE 3 - VA HOMELESS PROVIDRES PER DIEM PROGRAM

WWHA contracts with Valley Residential Services as a subrecipient for transitional housing services. Of the \$277,901 in Federal funds received by WWHA under 64.024, WWHA paid \$227,190 to Valley Residential for services provided.

HA City of Walla Walla (WA057)
WALLA WALLA, WA
Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.228 Community Development Block Grants/State's Program	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	2 State/Local	6.1 Component Unit - Discretely Presented	Subtotal	Total
111 Cash - Unrestricted	\$140,874		\$162,102	\$9,050	\$2,933	\$809,377	\$698,723	\$1,823,059	\$1,823,059
112 Cash - Restricted - Modernization and Development						\$119,954	\$994,848	\$1,114,802	\$1,114,802
113 Cash - Other Restricted			\$210,741					\$210,741	\$210,741
114 Cash - Tenant Security Deposits	\$16,601					\$52,849	\$48,004	\$117,454	\$117,454
115 Cash - Restricted for Payment of Current Liabilities						\$2,008		\$2,008	\$2,008
100 Total Cash	\$157,475	\$0	\$372,843	\$9,050	\$2,933	\$994,188	\$1,741,575	\$3,268,064	\$3,268,064
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	\$2,228							\$2,228	\$2,228
124 Accounts Receivable - Other Government				\$28,157	\$15,411			\$43,568	\$43,568
125 Accounts Receivable - Miscellaneous			\$31			\$1,595	\$2,943	\$4,569	\$4,569
126 Accounts Receivable - Tenants	\$3,445					\$4,888	\$3,979	\$12,312	\$12,312
126.1 Allowance for Doubtful Accounts - Tenants	\$-2,982					\$-742	\$-1,452	\$-5,176	\$-5,176
126.2 Allowance for Doubtful Accounts - Other	\$-3	\$0	\$0	\$0	\$0	\$-7,185	\$-2,674	\$-9,862	\$-9,862
127 Notes, Loans, & Mortgages Receivable - Current	\$906					\$7,185	\$2,674	\$10,765	\$10,765
128 Fraud Recovery			\$19,749					\$19,749	\$19,749
128.1 Allowance for Doubtful Accounts - Fraud			\$-7,975					\$-7,975	\$-7,975
129 Accrued Interest Receivable						\$5,719		\$5,719	\$5,719
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,594	\$0	\$11,805	\$28,157	\$15,411	\$11,460	\$5,470	\$75,887	\$75,887
131 Investments - Unrestricted	\$66,763					\$189,403		\$256,166	\$256,166
132 Investments - Restricted				\$27,941			\$122,747	\$150,688	\$150,688
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$29,629	\$1,663	\$27,268	\$3,553	\$442	\$53,721	\$27,091	\$143,347	\$143,347
143 Inventories						\$88,699		\$88,699	\$88,699
143.1 Allowance for Obsolete Inventories						\$-750		\$-750	\$-750
144 Inter Program Due From						\$348,267		\$348,267	\$348,267
145 Assets Held for Sale									
150 Total Current Assets	\$257,461	\$1,663	\$411,916	\$68,681	\$18,786	\$1,674,988	\$1,896,883	\$4,330,378	\$4,330,378
161 Land	\$302,750	\$35,241		\$62,500		\$1,186,070	\$1,022,772	\$2,609,333	\$2,609,333
162 Buildings	\$4,565,977	\$374,645		\$1,484,098		\$7,048,339	\$24,133,241	\$37,606,300	\$37,606,300
163 Furniture, Equipment & Machinery - Dwellings	\$123,675	\$4,125		\$23,454		\$125,274	\$680,647	\$957,175	\$957,175
164 Furniture, Equipment & Machinery - Administration	\$179,823					\$149,198	\$51,139	\$380,160	\$380,160
165 Leasehold Improvements	\$1,970,928					\$122,153	\$1,094,281	\$3,187,362	\$3,187,362
166 Accumulated Depreciation	\$-5,130,250	\$-35,124		\$-506,370		\$-1,563,064	\$-6,268,987	\$-13,503,795	\$-13,503,795
167 Construction in Progress	\$1,910					\$285,845	\$3,164,027	\$3,451,782	\$3,451,782
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,014,813	\$378,887	\$0	\$1,063,682	\$0	\$7,353,815	\$23,877,120	\$34,688,317	\$34,688,317
171 Notes, Loans and Mortgages Receivable - Non-Current						\$453,924		\$453,924	\$453,924
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									

HA City of Walla Walla (WA057)
WALLA WALLA, WA
Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.228 Community Development Block Grants/State's Program	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	2 State/Local	6.1 Component Unit - Discretely Presented	Subtotal	Total
176 Investments in Joint Ventures						\$42,000		\$42,000	\$42,000
180 Total Non-Current Assets	\$2,014,813	\$378,887	\$0	\$1,063,682	\$0	\$7,849,739	\$23,877,120	\$35,184,241	\$35,184,241
190 Total Assets	\$2,272,274	\$380,550	\$411,916	\$1,132,363	\$18,786	\$9,524,727	\$25,774,003	\$39,514,619	\$39,514,619
200 Deferred Outflow of Resources									
290 Total Assets and Deferred Outflow of Resources	\$2,272,274	\$380,550	\$411,916	\$1,132,363	\$18,786	\$9,524,727	\$25,774,003	\$39,514,619	\$39,514,619
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$18,640	\$797	\$7,355	\$24,344	\$191	\$111,274	\$544,873	\$707,474	\$707,474
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable						\$19,189		\$19,189	\$19,189
322 Accrued Compensated Absences - Current Portion						\$27,992		\$27,992	\$27,992
324 Accrued Contingency Liability									
325 Accrued Interest Payable		\$446		\$480		\$39,779	\$16,987	\$57,692	\$57,692
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government									
341 Tenant Security Deposits	\$16,600					\$53,247	\$48,300	\$118,147	\$118,147
342 Unearned Revenue	\$2,769		\$12			\$13,354	\$10,227	\$26,362	\$26,362
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$8,659		\$6,543		\$1,606,724	\$63,800	\$1,685,726	\$1,685,726
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities	\$169		\$2,041			\$5,538	\$199,500	\$207,248	\$207,248
346 Accrued Liabilities - Other									
347 Inter Program - Due To		\$21,566		\$35,997	\$14,548		\$276,156	\$348,267	\$348,267
348 Loan Liability - Current			\$9,408	\$67,364	\$14,739	\$1,877,097	\$1,159,843	\$3,198,097	\$3,198,097
310 Total Current Liabilities	\$38,178	\$31,468	\$9,408	\$67,364	\$14,739	\$1,877,097	\$1,159,843	\$3,198,097	\$3,198,097
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$72,667		\$121,490		\$5,712,172	\$11,822,967	\$17,729,296	\$17,729,296
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other									
354 Accrued Compensated Absences - Non Current						\$55,708		\$55,708	\$55,708
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities									
350 Total Non-Current Liabilities	\$0	\$72,667	\$0	\$121,490	\$0	\$5,767,880	\$11,822,967	\$17,785,004	\$17,785,004
300 Total Liabilities	\$38,178	\$104,135	\$9,408	\$188,854	\$14,739	\$7,644,977	\$12,982,810	\$20,983,101	\$20,983,101
400 Deferred Inflow of Resources									
508.4 Net Investment in Capital Assets	\$2,014,813	\$297,561	\$0	\$935,649	\$0	\$34,919	\$11,990,353	\$15,273,295	\$15,273,295
511.4 Restricted Net Position	\$0	\$0	\$220,616	\$27,941	\$0	\$539,262	\$1,117,595	\$1,905,414	\$1,905,414

HA City of Walla Walla (WA057)
WALLA WALLA, WA

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.228 Community Development Block Grants/State's Program	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	2 State/Local	6.1 Component Unit - Discretely Presented	Subtotal	Total
512.4 Unrestricted Net Position	\$219,283	\$21,146	\$181,892	-\$20,081	\$4,047	\$1,305,569	-\$316,755	\$1,352,809	\$1,352,809
513 Total Equity - Net Assets / Position	\$2,234,096	\$276,415	\$402,508	\$943,509	\$4,047	\$1,879,750	\$12,791,193	\$18,531,518	\$18,531,518
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$2,272,274	\$380,550	\$411,916	\$1,132,363	\$18,786	\$9,524,727	\$25,774,003	\$39,514,619	\$39,514,619

HA City of Walla Walla (WA057)
WALLA WALLA, WA
Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.228 Community Development Block Grants/States Program	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	2 State/Local	6.1 Component Unit - Discreetly Presented	Subtotal	Total
70300 Net Tenant Rental Revenue	\$306,499					\$999,920	\$1,189,882	\$2,496,301	\$2,496,301
70400 Tenant Revenue - Other	\$21,021					\$49,866	\$25,469	\$96,356	\$96,356
70500 Total Tenant Revenue	\$327,520	\$0	\$0	\$0	\$0	\$1,049,786	\$1,215,351	\$2,592,657	\$2,592,657
70600 HUD PHA Operating Grants	\$221,846		\$4,569,481		\$195,935			\$4,987,262	\$4,987,262
70610 Capital Grants	\$149,196							\$149,196	\$149,196
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue									
70800 Other Government Grants									
71100 Investment Income - Unrestricted	\$124			\$277,901		\$2,775		\$280,676	\$280,676
71200 Mortgage Interest Income				\$17		\$6,314	\$48	\$6,503	\$6,503
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery			\$43,014		\$415			\$43,429	\$43,429
71500 Other Revenue		\$21,653	\$21,599	\$3,663	\$12,690	\$646,529	\$20,733	\$727,067	\$727,067
71600 Gain or Loss on Sale of Capital Assets	-\$201					-\$4,192	-\$1,818	-\$6,211	-\$6,211
72000 Investment Income - Restricted				\$28		\$45	\$1,733	\$1,806	\$1,806
70000 Total Revenue	\$698,485	\$21,653	\$46,634,094	\$281,609	\$209,240	\$1,701,257	\$1,236,047	\$8,782,385	\$8,782,385
91100 Administrative Salaries	\$77,423	\$1,607	\$352,100	\$6,139	\$7,818	\$193,512	\$52,840	\$691,439	\$691,439
91200 Auditing Fees	\$1,251	\$71	\$8,367			\$6,899	\$41,028	\$57,616	\$57,616
91300 Management Fee									
91310 Book-keeping Fee	\$270	\$15	\$1,715		\$49	\$1,369	\$5,000	\$5,000	\$5,000
91400 Advertising and Marketing	\$14,427	\$298	\$73,876	\$1,245	\$1,716	\$35,786		\$3,418	\$3,418
91500 Employee Benefit Contributions - Administrative									
91600 Office Expenses	\$13,259	\$458	\$68,360	\$363	\$1,518	\$42,018	\$9,726	\$135,702	\$135,702
91700 Legal Expense	\$4,008					\$14,502	\$3,054	\$21,564	\$21,564
91800 Travel	\$1,599	\$78	\$9,761		\$288	\$7,279		\$19,005	\$19,005
91810 Allocated Overhead									
91900 Other	\$1,392		\$1,945		\$51	\$20,907	\$191,481	\$215,776	\$215,776
91000 Total Operating - Administrative	\$113,629	\$2,527	\$516,124	\$7,747	\$11,440	\$322,272	\$303,129	\$1,276,868	\$1,276,868
92000 Asset Management Fee									

HA City of Walla Walla (WA057)
WALLA WALLA, WA
Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.228 Community Development Block Grants/States Program	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	2 State/Local	6.1 Component Unit - Discreetly Presented	Subtotal	Total
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$2,407					\$13,945	\$4,623	\$20,975	\$20,975
92500 Total Tenant Services	\$2,407	\$0	\$0	\$0	\$0	\$13,945	\$4,623	\$20,975	\$20,975
93100 Water	\$34,327	\$865	\$2,047	\$4,712	\$59	\$48,609	\$62,804	\$153,423	\$153,423
93200 Electricity	\$4,717	\$37	\$4,196		\$121	\$64,911	\$26,462	\$100,444	\$100,444
93300 Gas	\$646	\$655	\$2,785		\$83	\$5,176	\$3,820	\$13,165	\$13,165
93400 Fuel									
93500 Labor									
93600 Sewer	\$39,617	\$1,350	\$3,134	\$4,846	\$90	\$77,688	\$106,324	\$233,049	\$233,049
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93900 Total Utilities	\$79,307	\$2,907	\$12,162	\$9,558	\$353	\$196,384	\$199,410	\$500,081	\$500,081
94100 Ordinary Maintenance and Operations - Labor	\$125,560	\$2,465		\$4,100		\$365,077	\$251,324	\$748,546	\$748,546
94200 Ordinary Maintenance and Operations - Materials and Other	\$18,059	\$417	\$644	\$597	\$15	\$43,040	\$33,987	\$96,759	\$96,759
94300 Ordinary Maintenance and Operations Contracts	\$66,191	\$3,608	\$5,253	\$9,814	\$153	\$99,280	\$128,853	\$313,152	\$313,152
94500 Employee Benefit Contributions - Ordinary Maintenance	\$39,861	\$736		\$1,345		\$124,711		\$166,653	\$166,653
94600 Total Maintenance	\$249,691	\$7,226	\$5,897	\$15,856	\$188	\$632,108	\$414,164	\$1,325,110	\$1,325,110
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95600 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$12,782	\$754	\$5,590	\$1,655	\$313	\$24,195	\$42,924	\$88,213	\$88,213
96120 Liability Insurance									
96130 Workmen's Compensation									
96140 All Other Insurance									
96100 Total Insurance Premiums	\$12,782	\$754	\$5,590	\$1,655	\$313	\$24,195	\$42,924	\$88,213	\$88,213
96200 Other General Expenses									
96210 Compensated Absences			\$22,490	\$227,190	\$616	-\$53,055	\$20,949	\$218,190	\$218,190
96300 Payments in Lieu of Taxes	\$1,455					\$10,218		\$10,218	\$10,218
96400 Bad debt - Tenant Rents	\$9,894					\$3,907		\$5,362	\$5,362
						\$12,009	\$5,814	\$27,717	\$27,717

HA City of Walla Walla (WA057)
WALLA WALLA, WA

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14,228 Community Development Block Grants/States Program	14,871 Housing Choice Vouchers	64,024 VA Homeless Providers Grant and Per Diem Program	14,239 HOME Investment Partnerships Program	2 State/Local	6.1 Component Unit - Discreetly Presented	Subtotal	Total
96500 Bad debt - Mortgages			\$16,028					\$16,028	\$16,028
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$11,349	\$0	\$38,518	\$227,190	\$616	-\$26,921	\$26,763	\$277,515	\$277,515
96710 Interest of Mortgage (or Bonds) Payable		\$5,302		\$5,892		\$237,256	\$157,045	\$405,495	\$405,495
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$5,302	\$0	\$5,892	\$0	\$237,256	\$157,045	\$405,495	\$405,495
96900 Total Operating Expenses	\$469,165	\$18,716	\$578,291	\$267,898	\$12,890	\$1,399,239	\$1,148,058	\$3,894,257	\$3,894,257
97000 Excess of Operating Revenue over Operating Expenses	\$229,320	\$2,937	\$4,055,803	\$13,711	\$196,350	\$302,018	\$87,989	\$4,888,128	\$4,888,128
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments			\$4,118,933		\$195,935			\$4,314,918	\$4,314,918
97350 HAP Portability-In			\$19,890					\$19,890	\$19,890
97400 Depreciation Expense	\$184,876	\$17,960		\$53,402		\$268,047	\$1,046,535	\$1,570,820	\$1,570,820
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$654,041	\$36,676	\$4,717,164	\$321,300	\$208,825	\$1,667,286	\$2,194,593	\$9,799,885	\$9,799,885
10010 Operating Transfer In									
10020 Operating Transfer Out									
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

HA City of Walla Walla (WA057)
WALLA WALLA, WA
Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 12/31/2013

	Project Total	14.228 Community Development Block Grants/States Program	14.871 Housing Choice Vouchers	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	2 State/Local	6.1 Component Unit - Discreetly Presented	Subtotal	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$44,444	-\$15,023	-\$83,070	-\$39,691	\$415	\$33,971	-\$958,546	-\$1,017,500	-\$1,017,500
11020 Required Annual Debt Principal Payments	\$0	\$8,137	\$0	\$6,255	\$0	\$80,398	\$61,451	\$156,241	\$156,241
11030 Beginning Equity	\$2,189,652	\$291,438	\$485,578	\$983,200	\$3,632	\$1,254,067	\$0	\$5,207,567	\$5,207,567
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors						\$591,712	\$13,749,739	\$14,341,451	\$14,341,451
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity			\$181,892					\$181,892	\$181,892
11180 Housing Assistance Payments Equity			\$220,616					\$220,616	\$220,616
11190 Unit Months Available	1008		10880		376	1734	2580	16578	16578
11210 Number of Unit Months Leased	988		10806		373	1688	2546	16401	16401
11270 Excess Cash	\$151,801							\$151,801	\$151,801
11610 Land Purchases	\$70,804							\$70,804	\$70,804
11620 Building Purchases	\$75,498							\$75,498	\$75,498
11630 Furniture & Equipment - Dwelling Purchases	\$11,591							\$11,591	\$11,591
11640 Furniture & Equipment - Administrative Purchases	\$2,894							\$2,894	\$2,894
11650 Leasehold Improvements Purchases	\$0							\$0	\$0
11660 Infrastructure Purchases	\$0							\$0	\$0
13510 OFFP Debt Service Payments	\$0							\$0	\$0
13501 Replacement Housing Factor Funds	\$0							\$0	\$0

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 1/31/2017)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: Housing Authority of the City of Walla Walla	Modernization Project Number: WA19P05750112
--	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 137,603
B. Funds Disbursed	\$ 137,603
C. Funds Expended (Actual Modernization Cost)	\$ 137,603
D. Amount to be Recaptured (A-C)	\$ -0-
E. Excess of Funds Disbursed (B-C)	\$ -0-

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *Lancei Locke*

7/2/14

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

8/8/14

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (1/2014)

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

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HA Name:	Modernization Project Number:
Housing Authority of the City of Walla Walla	WA19P057501-10

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 178,220.00
B. Funds Disbursed	\$ 178,220.00
C. Funds Expended (Actual Modernization Cost)	\$ 178,220.00
D. Amount to be Recaptured (A-C)	\$ 0
E. Excess of Funds Disbursed (B-C)	\$ 0

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

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Signature of Executive Director & Date:

X 

09/17/2013

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X 

11-26-2013

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/96)
ref Handbooks 7485.1 & 3

Actual Modernization Cost Certificate

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name:

Housing Authority of the City of Walla Walla

Modernization Project Number:

WA19P057501009

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$ 181,801
B. Funds Disbursed	\$ 181,801
C. Funds Expended (Actual Modernization Cost)	\$ 181,801
D. Amount to be Recaptured (A-C)	\$ 0
E. Excess of Funds Disbursed (B-C)	\$ 0

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

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Signature of Executive Director & Date:

X



12/9/2010

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X

12/23/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/96)
ref Handbooks 7485.1 & 3



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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Director of Local Audit
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